

88TH CONGRESS  
1ST SESSION

# H. R. 7885

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IN THE SENATE OF THE UNITED STATES

AUGUST 26, 1963

Read twice and referred to the Committee on Foreign Relations

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## AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Foreign Assistance Act  
4       of 1963".

### PART I

#### CHAPTER 1—POLICY

7       SEC. 101. Chapter 1 of part I of the Foreign Assistance  
8       Act of 1961, as amended, is hereby redesignated "POLICY"  
9       and section 101, which relates to short title, is hereby  
10       deleted.

11       SEC. 102. Section 102 of the Foreign Assistance Act of

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1 1961, as amended, which relates to statement of policy, is  
2 amended as follows:

3 (a) In the last sentence of the seventh paragraph, strike  
4 out "should emphasize long-range development assistance"  
5 and insert in lieu thereof "shall emphasize long-range de-  
6 velopment assistance".

7 (b) Immediately after the seventh paragraph, insert the  
8 following:

9 "The Congress further declares that, in order to assure  
10 that each program of assistance under this part is admin-  
11 istered in such a manner as will most effectively carry out  
12 the policies stated in this section, each request for authoriza-  
13 tion of funds for such program shall be accompanied by a  
14 detailed statement setting forth—

15 " (1) the purposes of such program,

16 " (2) the specific objectives of such program, and

17 " (3) the priorities assigned to such purposes and  
18 objectives,

19 which will be adhered to in the administration of such  
20 program."

21 (c) The eighth paragraph is amended to read as fol-  
22 lows:

23 "It is the sense of the Congress that in the administra-  
24 tion of these funds great attention and consideration should  
25 be given to those countries which share the view of the United

1 States on the world crisis and which do not, as a result of  
2 United States assistance, divert their own economic resources  
3 to military or propaganda efforts directed against the United  
4 States or against other countries receiving aid under this  
5 Act, whether or not such efforts are supported by the Soviet  
6 Union or Communist China.”

7 (d) Immediately after the tenth paragraph insert the  
8 following:

9 “It is the sense of the Congress that, in the administra-  
10 tion of programs of assistance under chapter 2 of this part,  
11 every possible precaution should be taken to assure that such  
12 assistance is not diverted to short-term emergency purposes  
13 (such as budgetary purposes, balance-of-payments purposes,  
14 or military purposes) or any other purpose not essential to  
15 the long-range economic development of recipient countries.  
16 It is further the sense of the Congress that short-term emer-  
17 gency purposes such as those referred to in the preceding  
18 sentence should be met, to the extent possible, through inter-  
19 national institutions (such as the International Monetary  
20 Fund) which are equipped to condition assistance on im-  
21 mediate economic and monetary reform.”

22 (e) The first sentence of the last paragraph is amended  
23 by inserting “(including private enterprise within such  
24 countries)” immediately after “countries”.

25 (f) Immediately after the first sentence of the last para-

1 graph insert the following new sentence: "In particular, the  
2 Congress urges that other industrialized free-world countries  
3 increase their contributions and improve the forms and terms  
4 of their assistance so that the burden of the common undertak-  
5 ing, which is for the benefit of all, shall be equitably borne  
6 by all."

7 CHAPTER 2—DEVELOPMENT ASSISTANCE

8 TITLE I—DEVELOPMENT LOAN FUND

9 SEC. 103. The second sentence of section 201 (b) of  
10 the Foreign Assistance Act of 1961, as amended, which  
11 relates to considerations to be taken into account in making  
12 loans from the development loan fund, is amended as  
13 follows:

14 (a) Strike out clauses (1) and (2) and insert in lieu  
15 thereof the following: "(1) whether financing could be ob-  
16 tained in whole or in part from other free-world sources on  
17 reasonable terms, including private sources within the United  
18 States, (2) the economic and technical soundness of the  
19 activity to be financed, including the capacity of the recipient  
20 country to repay the loan at a reasonable rate of interest,".

21 (b) Strike out "and" at the end of clause (5).

22 (c) Insert immediately before the period at the end of  
23 such second sentence the following: ", and (7) the economic  
24 development plans of the requesting country, which plans

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1 should specifically provide for appropriate participation by  
2 private enterprise and include an analysis of current human  
3 and material resources, together with a projection of the  
4 ultimate objectives of the plans with respect to the overall  
5 economic development of such country”.

6 SEC. 104. Section 202 (a) of the Foreign Assistance Act  
7 of 1961, as amended, which relates to authorizations for the  
8 Development Loan Fund, is amended by inserting im-  
9 mediately before the period at the end thereof the following:  
10 “: *Provided further*, That, in order to effectuate the purposes  
11 and provisions of sections 102, 201, 601, and 602 of this  
12 Act, not less than 50 per centum of the funds appropriated  
13 pursuant to this subsection for the fiscal years ending June  
14 30, 1965 and June 30, 1966 respectively shall be available  
15 only for loans made for purposes of economic development  
16 through private enterprise”.

17 SEC. 105. Section 201 (d) of the Foreign Assistance  
18 Act of 1961, as amended, which relates to interest rates on  
19 development loans, is amended by inserting immediately  
20 after “in no event” the following: “less than 2 per centum  
21 per annum nor”.

22 SEC. 106. Section 202 (a), which relates to authoriza-  
23 tion, is amended by striking out “and \$1,500,000,000 for  
24 each of the next four succeeding fiscal years,” and inserting

1 in lieu thereof “, \$1,500,000,000 for the fiscal year 1963,  
2 \$900,000,000 for the fiscal year 1964, and \$1,500,000,000  
3 for each of the next two succeeding fiscal years,”.

4 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL  
5 COOPERATION

6 SEC. 107. Title II of chapter 2 of part I of the Foreign  
7 Assistance Act of 1961, as amended, which relates  
8 to development grants and technical cooperation, is amended  
9 as follows:

10 (a) Section 211 (a), which relates to general authority,  
11 is amended—

12 (1) by striking out “and” at the end of clause (5)  
13 contained in the second sentence thereof; and

14 (2) by inserting immediately before the period at  
15 the end of the second sentence the following: “, and (7)  
16 whether such activity could be financed through a de-  
17 velopment loan available under title I of this chapter”.

18 (b) In section 212, which relates to authorization,  
19 strike out “1963” and “\$300,000,000” and substitute  
20 “1964” and “\$217,000,000”, respectively.

21 (c) Amend section 214, which relates to American  
22 schools and hospitals abroad, as follows:

23 (1) In subsection (a) strike out “use, in addition  
24 to other funds available for such purposes, funds made

1 available for the purposes of section 211 for” and sub-  
2 stitute the word “furnish”.

3 (2) In subsection (b) strike out “to use” and “for-  
4 eign currencies accruing to the United States Govern-  
5 ment under any Act, for purposes of subsection (a)  
6 of this section and for” and substitute “to furnish” be-  
7 fore the word “assistance”.

8 (3) Add the following new subsection:

9 “(c) There is hereby authorized to be appropriated to  
10 the President for the purposes of this section, for the fiscal  
11 year 1964, \$12,000,000, to remain available until expended.  
12 Of the sums authorized to be appropriated under this sub-  
13 section, not to exceed \$2,200,000 shall be available for  
14 direct dollar costs in carrying out subsection (b) and  
15 \$2,000,000 shall be available solely for the purchase of  
16 foreign currencies accruing to the United States Government  
17 under any Act.”

18 TITLE III—INVESTMENT GUARANTIES

19 SEC. 108. Title III of chapter 2 of part I of the Foreign  
20 Assistance Act of 1961, as amended, which relates to  
21 investment guaranties, is amended as follows:

22 (a) Amend section 221 (b), which relates to general  
23 authority, as follows:

24 (1) In the first sentence after “wholly owned” in-

1       sert “(determined without regard to any shares, in  
2       aggregate less than 5 per centum of the total of issued  
3       and subscribed share capital, required by law to be held  
4       by persons other than the parent corporation)”.

5           (2) In paragraph (1) strike out “\$1,300,000,000”  
6       in the proviso and substitute “\$2,500,000,000”.

7           (3) In paragraph (2) strike out “\$180,000,000”  
8       in the third proviso and substitute “\$300,000,000”.

9           (4) In paragraph (2) strike out “1964” in the  
10      fourth proviso and substitute “1965”.

11       (b) Amend section 222 (a), which relates to general  
12      provisions, by striking out “section 221 (b)” and substi-  
13      tuting “sections 221 (b) and 224”.

14       (c) Amend section 222 (b), which relates to general  
15      provisions, by striking out “section 221 (b)” in both places  
16      it appears and substituting “sections 221 (b) and 224”.

17       (d) Amend section 222 (d), which relates to general  
18      provisions, to read as follows:

19       “(d) Any payments made to discharge liabilities under  
20      guaranties issued under sections 221 (b) and 224 of this  
21      part, sections 202 (b) and 413 (b) (4) of the Mutual  
22      Security Act of 1954, as amended, and section 111 (b) (3)  
23      of the Economic Cooperation Act of 1948, as amended (ex-  
24      clusive of informational media guaranties), shall be paid first  
25      out of fees referred to in section 222 (b) as long as such fees



1 are available, and thereafter shall be paid out of funds, if any,  
2 realized from the sale of currencies or other assets acquired  
3 in connection with any payments made to discharge liabilities  
4 under such guaranties as long as such funds are available,  
5 and thereafter shall be paid out of funds heretofore appro-  
6 priated for the purpose of discharging liabilities under the  
7 aforementioned guaranties, and thereafter out of funds real-  
8 ized from the sale of notes issued under section 413 (b) (4)  
9 (F) of the Mutual Security Act of 1954, as amended, and  
10 section 111 (c) (2) of the Economic Cooperation Act of  
11 1948, as amended, and finally out of funds hereafter made  
12 available pursuant to section 222 (f) .”

13 (e) Amend section 222 (e) , which relates to general  
14 provisions, to read as follows :

15 “(e) All guaranties issued prior to July 1, 1956, all  
16 guaranties issued under sections 202 (b) and 413 (b) (4)  
17 of the Mutual Security Act of 1954, as amended, and all  
18 guaranties heretofore or hereafter issued pursuant to this  
19 title shall be considered contingent obligations backed by  
20 the full faith and credit of the Government of the United  
21 States of America. Funds heretofore obligated under the  
22 aforementioned guaranties (exclusive of informational media  
23 guaranties) together with the other funds made available  
24 for the purposes of this title shall constitute a single reserve

1 for the payment of claims in accordance with section 222 (d)  
2 of this part.”

3 (f) Amend section 222 by adding at the end thereof the  
4 following new subsection:

5 “(g) In making a determination to issue a guaranty  
6 under section 221 (b) , the President shall consider the pos-  
7 sible adverse effect of the dollar investment under such  
8 guaranty upon the balance of payments of the United  
9 States.”

10 (g) Amend section 224, which relates to housing  
11 projects in Latin American countries, as follows:

12 (1) In subsection (b) strike out “\$60,000,000”  
13 and substitute “\$150,000,000”.

14 (2) Strike out subsection (c) .

15 TITLE VI—ALLIANCE FOR PROGRESS

16 SEC. 109. Title VI of chapter 2 of part I of the Foreign  
17 Assistance Act of 1961, as amended, which relates to the  
18 Alliance for Progress, is amended as follows:

19 (a) Amend section 251, which relates to general  
20 authority, as follows:

21 (1) In subsection (b) , amend the next to the last  
22 sentence thereof by inserting immediately after “reason-  
23 able terms” the following: “(including private sources  
24 within the United States) , the capacity of the recipient

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1 country to repay the loan at a reasonable rate of  
2 interest.”.

3 (2) In subsection (e) strike out “economical” and  
4 substitute “economically”.

5 (3) In subsection (f) strike out “Agency for Inter-  
6 national Development” and substitute “agency primarily  
7 responsible for administering part I”.

8 (b) Section 252, which relates to authorization, is  
9 amended as follows:

10 (1) In the first sentence, strike out “fiscal years  
11 1963 through 1966, not to exceed \$600,000,000 for  
12 each such fiscal year” and insert in lieu thereof “fiscal  
13 years 1963, 1965, and 1966, not to exceed \$600,000,000  
14 for each such fiscal year, and for use beginning in the  
15 fiscal year 1964, not to exceed \$450,000,000.”.

16 (2) Immediately after “1963” the second time it  
17 appears therein, insert the following: “and not to ex-  
18 ceed \$100,000,000 of the funds appropriated pursuant  
19 to this section for use beginning in fiscal year 1964.”.

20 (c) Section 252, which relates to authorization, is  
21 amended by adding at the end thereof the following new  
22 sentence: “In order to effectuate the purposes and provisions  
23 of sections 102, 251, 601, and 602 of this Act, not less than  
24 50 per centum of the loan funds appropriated pursuant to this

1 section for the fiscal years ending June 30, 1965 and June  
2 30, 1966 respectively shall be available only for loans made  
3 for purposes of economic development through private enter-  
4 prise.”

5 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND  
6 PROGRAMS

7 SEC. 110. Section 302 of the Foreign Assistance Act  
8 of 1961, as amended, which relates to international organiza-  
9 tions and programs, is amended by striking out “1963” and  
10 “\$148,900,000” and substituting “1964” and “\$136,050,-  
11 000”, respectively.

12 CHAPTER 4—SUPPORTING ASSISTANCE

13 SEC. 111. Section 402 of the Foreign Assistance Act  
14 of 1961, as amended, which relates to supporting assistance,  
15 is amended by striking out “1963” and “\$415,000,000”  
16 and substituting “1964” and “\$380,000,000”, respectively.

17 CHAPTER 5—CONTINGENCY FUND

18 SEC. 112. Section 451 of the Foreign Assistance Act  
19 of 1961, as amended, which relates to the contingency fund,  
20 is amended by striking out “1963” and “\$300,000,000” and  
21 inserting in lieu thereof “1964” and “\$150,000,000”.  
22 respectively.

PART II

CHAPTER 1—POLICY

SEC. 201. Chapter 1 of part II of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 501, which relates to short title, is hereby deleted.

SEC. 202. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 504 (a), which relates to authorization, strike out "the fiscal years 1962 and 1963" and "\$1,700,000,000 for each such fiscal year, which sums" and substitute "fiscal year 1964" and "\$1,000,000,000, which", respectively.

(b) In section 510 (a), which relates to special authority, strike out "1963" in the first and second sentences and substitute "1964".

(c) At the end of such chapter, add the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO AFRICA.—No military assistance shall be furnished on a grant basis to any country in Africa, except for internal

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1 security requirements or for programs described in section  
2 505 (b) of this chapter.”

3 PART III

4 CHAPTER 1—GENERAL PROVISIONS

5 SEC. 301. Section 601 (b) of the Foreign Assistance Act  
6 of 1961, as amended, which relates to encouragement of pri-  
7 vate enterprise, is amended as follows:

8 (a) Strike out “and” at the end of paragraph (3).

9 (b) Strike out the period at the end of paragraph (4)  
10 and insert in lieu thereof a semicolon.

11 (c) At the end thereof add the following new para-  
12 graphs:

13 “(5) utilize, wherever practicable, the services of  
14 United States private enterprise (including, but not  
15 limited to, the services of experts and consultants in tech-  
16 nical fields such as engineering) ; and

17 “(6) take appropriate steps to discourage nationali-  
18 zation, expropriation, confiscation, seizure of ownership  
19 or control, of private investment and discriminatory or  
20 other actions having the effect thereof, undertaken by  
21 countries receiving assistance under this Act. which di-  
22 vert available resources essential to create new wealth,  
23 employment, and productivity in those countries and  
24 otherwise impair the climate for new private investment

1       essential to the stable economic growth and development  
2       of those countries.”

3       SEC. 302. Section 611 (b) of the Foreign Assistance  
4       Act of 1961, as amended, which relates to completion of  
5       plans and cost estimates, is amended by striking out “circular  
6       A-47 of the Bureau of the Budget” and substituting “the  
7       Memorandum of the President dated May 15, 1962”.

8       SEC. 303. Section 611, of the Foreign Assistance Act  
9       of 1961, as amended, which relates to completion of plans  
10      and cost estimates, is amended by adding to the end thereof  
11      the following subsection:

12      “(e) The President shall establish such procedures as  
13      he may deem necessary to assure to the maximum extent  
14      practicable all contracts for construction outside the United  
15      States made in connection with any agreement or grant  
16      subject to subsection (a) of this section shall be made  
17      in accordance with the same standards applicable to contracts  
18      made by the Federal Government for similar construction  
19      within the United States.”

20      SEC. 304. Section 620 (a) of the Foreign Assistance Act  
21      of 1961, as amended, which relates to prohibitions against  
22      furnishing assistance to Cuba, is amended as follows:

23      (a) Insert “(1)” immediately after “(a)”.

24      (b) Insert immediately after the second sentence thereof

1 the following new sentence: "No funds provided under this  
2 Act shall be used to make any voluntary contribution to  
3 any international organization or program for financing proj-  
4 ects of economic or technical assistance to the present Gov-  
5 ernment of Cuba."

6 (c) At the end thereof add the following new para-  
7 graphs:

8 "(2) Except as may be deemed necessary by the Presi-  
9 dent in the interest of the United States, no assistance shall  
10 be furnished under this Act to any government of Cuba, nor  
11 shall Cuba be entitled to receive any quota authorizing the  
12 importation of Cuban sugar into the United States or to  
13 receive any other benefit under any law of the United States,  
14 until the President determines that such government has  
15 taken appropriate steps according to international law stand-  
16 ards to return to United States citizens, and to entities not  
17 less than 50 per centum beneficially owned by United States  
18 citizens, or to provide equitable compensation to such citizens  
19 and entities for property taken from such citizens and en-  
20 tities on or after January 1, 1959, by the Government of  
21 Cuba.

22 "(3) No funds authorized to be made available under  
23 this Act (except under section 214) shall be used to furnish  
24 assistance to any country which has failed to take appro-



1 puate steps, not later than 60 days after the date of enact-  
2 ment of the Foreign Assistance Act of 1963—

3 “(A) to prevent ships or aircraft under its registry  
4 from transporting to Cuba (other than to United States  
5 installations in Cuba) —

6 “(i) any items of economic assistance,

7 “(ii) any items which are, for the purposes of  
8 title I of the Mutual Defense Assistance Control  
9 Act of 1951, as amended, arms, ammunition and  
10 implements of war, atomic energy materials, petro-  
11 leum, transportation materials of strategic value, or  
12 items of primary strategic significance used in the  
13 production of arms, ammunition, and implements of  
14 war, or

15 “(iii) any other equipment, materials, or com-  
16 modities,

17 so long as Cuba is governed by the Castro regime; and

18 “(B) to prevent ships or aircraft under its registry  
19 from transporting any equipment, materials, or com-  
20 modities from Cuba (other than from United States  
21 installations in Cuba) so long as Cuba is governed by  
22 the Castro regime.”

23 SEC. 305. Section 620 (e) of the Foreign Assistance Act

1 of 1961, as amended, which relates to suspension of assist-  
2 ance, is amended as follows:

3 (a) In clause (2), immediately after "operational con-  
4 ditions," insert "or has taken other actions,".

5 (b) Strike out "equitable and speedy compensation for  
6 such property in convertible foreign exchange" and insert  
7 in lieu thereof "speedy compensation for such property in  
8 convertible foreign exchange equivalent to the full value  
9 thereof".

10 SEC. 306. Section 620 (f) of the Foreign Assistance Act  
11 of 1961, as amended, which relates to prohibitions against  
12 furnishing certain assistance to Communist countries, is  
13 amended by inserting immediately before the period after  
14 "Union of Soviet Socialist Republics" the following: "(in  
15 cluding its captive constituent republics)".

16 SEC. 307. Section 620 of the Foreign Assistance Act  
17 of 1961, as amended, which relates to prohibitions against  
18 furnishing assistance to Cuba and certain other countries,  
19 is amended by adding at the end thereof the following new  
20 subsections:

21 "(i) No assistance shall be provided under this or any  
22 other Act, and no sales shall be made under the Agricultural  
23 Trade Development and Assistance Act of 1954, to any  
24 country which the President determines is engaging in or  
25 preparing for aggressive military efforts directed against—

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1           “(1) the United States,

2           “(2) any country receiving assistance under this  
3       or any other Act, or

4           “(3) any country to which sales are made under  
5       the Agricultural Trade Development and Assistance  
6       Act of 1954,

7       until the President determines that such military efforts or  
8       preparations have ceased and he reports to the Congress  
9       that he has received assurances satisfactory to him that  
10      such military efforts or preparations will not be renewed.  
11      This restriction may not be waived pursuant to any au-  
12      thority contained in this Act.

13      “(j) No assistance under this Act shall be furnished to  
14      Indonesia unless the President determines that the furnish-  
15      ing of such assistance is in the national interest of the United  
16      States. The President shall keep the Foreign Relations  
17      Committee and the Appropriations Committee of the Senate  
18      and the Speaker of the House of Representatives fully and  
19      currently informed of any assistance furnished to Indonesia  
20      under this Act.

21      “(k) Until the enactment of the Foreign Assistance  
22      Act of 1964 or other general legislation, during the calendar  
23      year 1964, authorizing additional appropriations to carry  
24      out programs of assistance under this Act, no assistance  
25      shall be furnished under this Act to any country for con-

1 struction of any productive enterprise with respect to which  
2 the aggregate value of such assistance to be furnished by  
3 the United States will exceed \$100,000,000. No other  
4 provision of this Act shall be construed to authorize the  
5 President to waive the provisions of this subsection.

6 “(l) No assistance shall be provided under this Act  
7 after December 31, 1964, to the government of any less  
8 developed country which has failed to enter into an agree-  
9 ment with the President to institute the investment guaranty  
10 program under section 221 (b) (1) of this Act, providing  
11 protection against the specific risks of inconvertibility under  
12 subparagraph (A), and expropriation or confiscation under  
13 subparagraph (B), of such section 221 (b) (1).

14 “(m) No assistance shall be furnished under this Act  
15 for the construction or operation of any productive enter-  
16 prise in any country unless the President determines that  
17 similar productive enterprises within the United States are  
18 operating at a substantial portion of their capacity and that  
19 such assistance will not result in depriving such United  
20 States enterprises of their reasonable share of world markets.  
21 The President shall keep the Foreign Relations Committee  
22 and the Appropriations Committee of the Senate and the  
23 Speaker of the House of Representatives fully and currently  
24 informed of assistance furnished under this Act for the  
25 construction or operation of productive enterprises in all

1 countries, including specifically the numbers of such enter-  
2 prises, the types of such enterprises, and the locations of  
3 such enterprises.

4 “(n) No assistance shall be furnished under section  
5 201, 211, or 251 of this Act to the government of any  
6 country which does not agree to permit such reviews, in-  
7 spections, and audits by the United States as the President  
8 may require for the purpose of ascertaining whether such  
9 assistance is being administered within the recipient country  
10 to carry out the purposes for which it was furnished.”

11 CHAPTER 2—ADMINISTRATIVE PROVISIONS

12 SEC. 308. Chapter 2 of part III of the Foreign Assist-  
13 ance Act of 1961, as amended, which relates to administra-  
14 tive provisions, is amended as follows:

15 (a) Amend section 624, which relates to statutory offi-  
16 cers, as follows:

17 (1) In subsection (a) (2) strike out “two shall  
18 have the rank of Deputy Under Secretaries” and sub-  
19 stitute “one shall have the rank of Deputy Under Secre-  
20 tary”.

21 (2) In subsection (a) (3) strike out “nine” and  
22 substitute “ten”.

23 (3) In subsection (b) strike out “paragraphs (2)  
24 and” and substitute “paragraph”.

1 (b) Amend section 626 (b) , which relates to experts,  
2 consultants, and retired officers, as follows :

3 (1) Strike out the entire first sentence.

4 (2) In the second sentence strike out "Nor shall  
5 such service" and substitute "Service of an individual as  
6 an expert or consultant under subsection (a) of this  
7 section shall not".

8 (c) In section 631, which relates to missions and staffs  
9 abroad, add the following new subsection (c) :

10 "(c) The President may appoint any United States  
11 citizen who is not an employee of the United States Govern-  
12 ment or may assign any United States citizen who is a United  
13 States Government employee to serve as Chairman of the  
14 Development Assistance Committee or any successor Com-  
15 mittee thereto of the Organization for Economic Cooperation  
16 and Development upon election thereto by members of said  
17 Committee, and, in his discretion, may terminate such ap-  
18 pointment or assignment, notwithstanding any other provision  
19 of law. Such person may receive such compensation and  
20 allowances as are authorized by the Foreign Service Act of  
21 1946, as amended, not to exceed those authorized for a chief  
22 of mission, class 2, within the meaning of said Act, as the  
23 President may determine. Such persons may also, in the  
24 President's discretion, receive any other benefits and per-

1   quisites available under this Act to chiefs of special missions  
2   or staffs outside the United States established under this  
3   section.”

4       (d) Amend section 635, which relates to general author-  
5   ities, by adding the following new subsection (k) :

6       “(k) Any cost-type contract or agreement (including  
7   grants) entered into with a university, college, or other  
8   educational institution for the purpose of carrying out pro-  
9   grams authorized by part I may provide for the payment  
10   of the reimbursable indirect costs of said university, college,  
11   or other educational institution on the basis of predetermined  
12   fixed-percentage rates applied to the total, or an element  
13   thereof, of the reimbursable direct costs incurred.”

14       (e) Amend section 636, which relates to provisions on  
15   uses of funds, by adding at the end thereof the following new  
16   subsection:

17       “(h) In carrying out programs under this Act, the  
18   President shall take all appropriate steps to assure that, to  
19   the maximum extent possible, (1) countries receiving as-  
20   sistance under this Act contribute local currencies to  
21   meet the cost of contractual and other services rendered in  
22   conjunction with such programs, and (2) foreign currencies  
23   owned by the United States are utilized to meet the costs  
24   of such contractual and other services.”

1 (f) Amend section 637 (a) , which relates to administra-  
2 tive expenses, by striking out "1963" and "\$53,000,000"  
3 and substituting "1964" and "\$54,000,000", respectively.

4 CHAPTER 3—MISCELLANEOUS PROVISIONS

5 SEC. 309. Section 644 (f) of the Foreign Assistance Act  
6 of 1961, as amended, which relates to definition of defense  
7 services, is amended by inserting "including orientation"  
8 after "training" the first time it appears.

9 SEC. 310. Section 645 of the Foreign Assistance Act  
10 of 1961, as amended, which relates to unexpended balances,  
11 is amended to read as follows:

12 "SEC. 645. UNEXPENDED BALANCES.—Unexpended  
13 balances of funds made available pursuant to this Act, the  
14 Mutual Security Act of 1954, as amended, or Public Law  
15 86-736 are hereby authorized to be continued available for  
16 the general purposes for which appropriated, and may at  
17 any time be consolidated, and, in addition, may be consoli-  
18 dated with appropriations made available for the same gen-  
19 eral purposes under the authority of this Act."

20 PART IV—AMENDMENTS TO OTHER LAWS

21 SEC. 401. The Act to provide for assistance in the  
22 development of Latin America and in the reconstruction of  
23 Chile, and for other purposes (Public Law 86-735, 22  
24 U.S.C. 1942 et seq.) , is amended as follows:



1       (a) In section 2 strike out “\$500,000,000” and sub-  
2       stitute “\$700,000,000”.

3       (b) Insert following the enacting clause “That this  
4       Act may be cited as ‘the Latin American Development and  
5       Chilean Reconstruction Act’ ”.

6       SEC. 402. (a) Section 101 (f) of the Agricultural Trade  
7       Development and Assistance Act of 1954, as amended, is  
8       amended to read as follows:

9               “(f) obtain rates of exchange applicable to the  
10       sale of commodities under such agreements which are not  
11       less favorable than the highest of exchange rates legally  
12       obtainable from the Government or agencies thereof in  
13       the respective countries.”

14       (b) Section 105 of such Act is amended by adding at  
15       the end thereof the following new sentence: “The President  
16       shall utilize foreign currencies received pursuant to this title  
17       in such manner as will, to the maximum extent possible,  
18       reduce any deficit in the balance of payments of the United  
19       States.”

20       (c) Section 202 of such Act is amended by striking  
21       out “economic development” and inserting in lieu thereof  
22       “economic and community development”.

23       SEC. 403. (a) Section 571 (a) of the Foreign Service  
24       Act of 1946, as amended, is amended by changing the final

1 period to a colon and adding the following: "*Provided, That*  
2 in individual cases when personally approved by the Secre-  
3 tary further extension may be made."

4 (b) Section 911 (2) of the Foreign Service Act of 1946,  
5 as amended, is amended by inserting immediately after "on  
6 authorized home leave;" the following: "accompanying him  
7 for representational purposes on authorized travel within the  
8 country of his assignment or, at the discretion of the Sec-  
9 retary, outside the country of his assignment, but in no case  
10 to exceed one member of his family;"

11 (c) Title IX of the Foreign Service Act of 1946, as  
12 amended, is amended by striking out section 921 (d), re-  
13 lating to use of Government vehicles, and by inserting im-  
14 mediately after section 913 the following new section:

15 "USE OF GOVERNMENT OWNED OR LEASED VEHICLES

16 "SEC. 914. Notwithstanding the provisions of section 5  
17 of the Act of July 16, 1914, as amended (5 U.S.C. 78),  
18 the Secretary may authorize any principal officer to approve  
19 the use of Government owned or leased vehicles located at  
20 his post for transportation of United States Government  
21 employees and their dependents when public transportation  
22 is unsafe or not available."

23 (d) Title X of the Foreign Service Act of 1946, as

1 amended, is amended by adding at the end thereof the follow-  
2 ing:

3 "PART I—EDUCATIONAL FACILITIES

4 "SEC. 1081. Whenever the Secretary determines that  
5 educational facilities are not available, or that existing educa-  
6 tional facilities are inadequate, to meet the needs of children  
7 of American citizens stationed outside the United States  
8 engaged in carrying out Government activities, he is author-  
9 ized, in such manner as he deems appropriate and under  
10 such regulations as he may prescribe, to establish, operate,  
11 and maintain primary schools, and school dormitories and  
12 related educational facilities for primary and secondary  
13 schools, outside the United States, or to make grants of funds  
14 for such purposes, or otherwise provide for such educational  
15 facilities. The provisions of the Foreign Service Buildings  
16 Act, 1926, as amended, and of paragraphs (h) and (i) of  
17 section 3 of the Act entitled 'An Act to provide certain basic  
18 authority for the Department of State', approved August 1,  
19 1956 (5 U.S.C. 170h (h) and 170h (i) ), may be utilized  
20 by the Secretary in providing assistance for educational  
21 facilities. Assistance may include, but shall not be limited  
22 to, hiring, transporting, and payment of teachers and other  
23 necessary personnel."

1       SEC. 404. The Act entitled "An Act to provide certain  
2   basic authority for the Department of State", approved  
3   August 1, 1956 (5 U.S.C. 170f-170t), is amended by in-  
4   serting immediately after section 12 the following new  
5   section:

6       "SEC. 13. There is hereby established a working capital  
7   fund for the Department of State, which shall be available  
8   without fiscal year limitation, for expenses (including those  
9   authorized by the Foreign Service Act of 1946, as amended)  
10   and equipment, necessary for maintenance and operation  
11   in the city of Washington and elsewhere of (1) central  
12   reproduction, editorial, data processing, audiovisual, library  
13   and administrative support services; (2) central supply  
14   services for supplies and equipment (including repairs),  
15   and (3) such other administrative services as the Secretary,  
16   with the approval of the Bureau of the Budget, determines  
17   may be performed more advantageously and more economi-  
18   cally as central services. The capital of the fund shall consist  
19   of the amount of the fair and reasonable value of such supply  
20   inventories, equipment, and other assets and inventories on  
21   order, pertaining to the services to be carried on by the  
22   fund, as the Secretary may transfer to the fund, less the  
23   related liabilities and unpaid obligations, together with any

1 appropriations made for the purpose of providing capital.  
2 Not to exceed \$750,000 in net assets shall be transferred  
3 to the fund for purposes of providing capital. The fund  
4 shall be reimbursed, or credited with advance payments,  
5 from applicable appropriations and funds of the Department  
6 of State, other Federal agencies, and other sources author-  
7 ized by law, for supplies and services at rates which will  
8 approximate the expense of operations, including accrual  
9 of annual leave and depreciation of plant and equipment of  
10 the fund. The fund shall also be credited with other receipts  
11 from sale or exchange of property or in payment for loss or  
12 damage to property held by the fund. There shall be trans-  
13 ferred into the Treasury as miscellaneous receipts, as of the  
14 close of each fiscal year, earnings which the Secretary deter-  
15 mines to be excess to the needs of the fund. There is hereby  
16 authorized to be appropriated such amounts as may be  
17 necessary to provide capital for the fund.”

18 SEC. 405. The first sentence of the first section of the  
19 Act entitled “An Act to authorize participation by the  
20 United States in parliamentary conferences of the North  
21 Atlantic Treaty Organization”, approved July 11, 1956  
22 (70 Stat. 523), is amended to read as follows: “That not  
23 to exceed eighteen Members of Congress shall be appointed

1 to meet jointly and annually with representative parliamen-  
2 tary groups from other NATO (North Atlantic Treaty  
3 Organization) members, for discussion of common problems  
4 in the interests of the maintenance of peace and security in  
5 the North Atlantic area.”

Passed the House of Representatives August 23, 1963.

Attest: RALPH R. ROBERTS,  
*Clerk.*

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88TH CONGRESS  
1ST SESSION

**H. R. 7885**

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**AN ACT**

To amend further the Foreign Assistance Act  
of 1961, as amended, and for other purposes.

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AUGUST 26, 1963  
Read twice and referred to the Committee on  
Foreign Relations

Approved For Release 2007/03/02 : CIA-RDP72-00337R000500190064-4